

The Honorable Karen A. Overstreet  
Chapter 11  
Location: Seattle, Room 7206  
Hearing Date: December 3, 2010  
Hearing Time: 9:30 a.m.  
Response Date: November 26, 2010

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

In Re:

MERIDIAN MORTGAGE INVESTORS  
FUND II, LLC;

MERIDIAN MORTGAGE INVESTORS  
FUND V, LLC;

MERIDIAN MORTGAGE INVESTORS  
FUND VII, LLC;

MERIDIAN MORTGAGE INVESTORS  
FUND VIII, LLC;

MERIDIAN MORTGAGE INVESTORS  
FUND IX, LLC;

MERIDIAN MORTGAGE INVESTORS  
FUND X, LLC;

MERIDIAN MORTGAGE INVESTORS  
FUND VI, LLC;

MERIDIAN REAL ESTATE OPPORTUNITY  
FUND I, LLC;

MERIDIAN REAL ESTATE OPPORTUNITY  
FUND II, LLC;

Debtors.

Case No. 10-17952

(Jointly Administered)

Case Nos: 10-17952; 10-17953; 10-17958;  
10-17976; 10-18727; 10-18728; 10-18729;  
10-19644; 10-19645

MERIDIAN OFFICIAL  
CONSOLIDATED INVESTORS'  
COMMITTEE'S OBJECTIONS TO  
APPLICATIONS FOR ALLOWANCE OF  
ADMINISTRATIVE CLAIMS FOR  
ATTORNEY FEES AND COSTS  
PURSUANT TO 11 U.S.C. §§503(b)(3)(A)  
AND (D)

COMMITTEE'S OBJECTIONS TO SUBSTANTIAL  
CONTRIBUTION APPLICATIONS - 1

FOSTER PEPPER PLLC  
1111 THIRD AVENUE, SUITE 3400  
SEATTLE, WASHINGTON 98101-3299  
PHONE (206) 447-4400 FAX (206) 447-9700

COMES NOW the Meridian Official Consolidated Investors' Committee ("Committee"), and files its objections to the applications for allowance of administrative claim for attorney fees and costs pursuant to 11 U.S.C. §§ 503(b)(3)(A) and (D), as follows.

A. GENERAL OBJECTIONS

1. The Committee objects to the allowance of any fees incurred after July 23, 2010. On July 20, 2010, Mark Calvert was appointed chapter 11 trustee ("Trustee") in these jointly administered cases; the next day, an order was entered approving the retention of K&L Gates LLP as the Trustee's counsel. On July 23, 2010, a meeting was held among the Trustee, his counsel and some of the lawyers whose applications are before the Court. The purpose of the meeting was for these lawyers to pass on to the Trustee and his counsel their knowledge regarding the history and status of the four involuntary cases. This meeting should serve as the demarcation for what services were provided in connection with the commencement of these cases that constituted a substantial contribution to these cases. After this meeting, the various applicants' efforts, even if positive to the case, should not be considered sufficient to constitute a substantial contribution, but is only of incidental benefit to these estates. See 5 Collier on Bankruptcy ¶ 503.10[5][a] (16<sup>th</sup> ed. 2010).

2. As a subset of the objection stated above, the Committee objects to the allowance of any fees incurred in preparing any of the applications. Preparation of a substantial contribution application does not provide a substantial contribution to these cases.

3. The Committee objects to the allowance of an administrative claim in the Meridian Funds cases based upon fees that were incurred in connection with the commencement of the Frederick Darren Berg bankruptcy case. Although the Berg Chapter 11 Trustee has indicated that the investors in the Meridian Funds constitute the greatest (in dollar amount and in number) creditors in the Berg-related bankruptcy cases, there is not currently an order or a plan jointly administering or consolidating the Berg-related cases with the Meridian Fund cases. Until such time, the Meridian Funds estates should not share in the administrative expenses of

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1 the Berg-related cases. To the extent that the applications include fees incurred in connection  
2 with the commencement of the Berg bankruptcy case, those portions of the applications should  
3 be denied without prejudice. This objection is without prejudice to the Committee's right to  
4 assert any objections to a renewed request by any of the applicants to fees incurred in connection  
5 with the commencement of the Berg bankruptcy case.

6 4. The Committee's objections are without prejudice to its right to object on any  
7 legal or equitable basis to any further claims under 11 U.S.C. §§ 503(b)(3) and (4).

8 **B. SPECIFIC OBJECTIONS TO THE APPLICATIONS**

9 Applying these Committee's general objections to the specific applications, the  
10 Committee makes the following objections.

11 a. Cornerstone Alternative Fixed Income, L.P.

12 Cornerstone Alternative Fixed Income Fund, L.P. ("Cornerstone"), which is a member of  
13 the Committee, has requested an administrative expense of \$29,465.50 for fees and \$233.34 for  
14 expenses (consisting of messenger and delivery charges) incurred by its lawyers Ryan, Swanson  
15 & Cleveland, PLLC.

16 Of the fees for which Cornerstone requests reimbursement, \$10,336 (representing 27.05  
17 hours) was incurred after the July 23, 2010 meeting with the Trustee. Based upon the general  
18 objections described above, the Committee objects to allowance of the portion of Cornerstone's  
19 application relating to fees incurred after the July 23 meeting with the Trustee. Based upon this  
20 objection, the Committee requests that any award to Cornerstone not exceed \$19,129.50 in fees.  
21 The Committee does not object to an award of \$233.34 in expenses.

22 b. David Buecker and Christine Buecker

23 David Buecker and Christine Buecker have requested an administrative expense of  
24 \$34,375.50 for fees and \$220 for expenses (court reporting services) incurred by its lawyers  
25 Davis Wright Tremaine LLP ("DWT"). David Buecker is a member of the Committee.

26 Of the fees for which the Bueckers request reimbursement, 9.6 hours of legal services

1 were incurred after the July 23 meeting with the Trustee. The Committee believes that the  
2 services relating to this time did not create a substantial benefit to these bankruptcy estates. In  
3 addition, in the interest of overall economy in the special circumstances of these cases, the  
4 Committee objects to an hourly rate for DWT that exceeds \$455. Based upon these  
5 considerations, the Committee objects to an award to the Bueckers that exceeds \$26,708.50 for  
6 fees. The Committee does not object to the \$220 in expenses.

7 c. David Chicester, Steve Jepson and James Stanton, and 79 other investors

8 David Chicester, Steve Jepson and James Stanton, and 79 other investors ("Perkins  
9 Group"), have requested an administrative expense of \$60,687.50 for fees and \$1,000 for  
10 expenses (for mailing of omnibus notice of substantial contribution applications) incurred by its  
11 lawyers Perkins Coie LLP ("Perkins").

12 Of the fees for which the Perkins Group requests reimbursement, \$33,836 was incurred  
13 after the July 23, 2010 meeting with the Trustee. Based upon the general objections described  
14 above, the Committee object to allowance of the portion of the Perkins Group's application  
15 relating to fees incurred after the July 23 meeting with the Trustee. In addition, in the interest of  
16 overall economy in the special circumstances of these cases, the Committee objects to an hourly  
17 rate for Perkins that exceeds \$455. In addition, the Committee objects to the inclusion in the  
18 request of fees for both Mr. John Kaplan and Mr. Al Smith for attending a 2-hour meeting on  
19 July 9, 2010.

20 Based upon these objections, the Committee requests that any award to the Perkins Group  
21 not exceed \$24,951.50 in fees. The Committee does not object to an award of \$1,000 in  
22 expenses.

23 d. Petitioning Creditors for Funds V, VII and VIII

24 The Petitioning Creditors for Funds V, VII and VIII have requested an administrative  
25 expense of \$42,693.18 for fees and \$203.56 for expenses incurred by its lawyers Hanson Baker  
26 Ludlow Drumheller, P.S.

1 Of the fees for which the Petitioning Creditors for Funds V, VII and VIII request  
2 reimbursement, \$2,291 was incurred after the July 23 meeting with the Trustee, \$7,426 was  
3 incurred in connection with the commencement of the Berg bankruptcy case, and \$3,625.50 was  
4 incurred in preparation of the application. The Committee objects to the inclusion of these  
5 amounts in any award to these Petitioning Creditors. Based upon these objections, the  
6 Committee requests that any award to these Petitioning Creditors not exceed \$29,350.68 in fees  
7 and \$203.56 in expenses.

8 C. CONCLUSION

9 Based upon its objections set forth above to the applications for allowance of  
10 administrative claims as substantial contributions under 11 U.S.C. § 503, the Committee requests  
11 that any order entered by the Court granting such applications not exceed the amounts to the  
12 following applicants set forth below. Granting the Committee's objections will reduce the total  
13 amount of the applications from \$200,553.58 to \$132,039.74, for a reduction of \$68,513.84.

- 14 i. Cornerstone Alternative Fixed Income, L.P. - \$29,465.50 fees; \$233.34 expenses  
15 ii. David Buecker and Christine Buecker - \$26,708.50 fees; \$220 expenses  
16 iii. David Chiester, Steve Jepson and James Stanton, and 79 other investors -  
17 \$24,952.50 fees; \$1,000 expenses  
18 iv. Petitioning Creditors for Funds V, VII and VIII - \$29,350.68 fees; \$203.56  
19 expenses.

20 The Committee further requests that the Court grant it such additional relief as is just and  
21 equitable.

22 Dated this 26th day of November, 2010.

23 FOSTER PEPPER PLLC

24 /s/ Jane Pearson

25 Jane Pearson, WSBA #12785  
26 Attorneys for Meridian Official Consolidated  
Investors' Committee

COMMITTEE'S OBJECTIONS TO SUBSTANTIAL  
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